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**BRONX TAX PREPARER CHARGED IN FEDERAL COURT  
IN SCHEME TO FILE FALSE TAX RETURNS**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that CARLOS CONTRERAS, a Bronx tax preparer, was arrested this morning in connection with a scheme to defraud the United States out of hundreds of thousands of dollars by assisting taxpayers in filing false tax returns and making false claims to the IRS.

In a twenty-five count Indictment unsealed earlier today, CONTRERAS is charged with one count of conspiracy to defraud the United States and twenty-four counts of assisting in the filing of false tax returns. As the Indictment alleges, CONTRERAS operated a tax preparation business known as Great American Income Tax Service, Inc. ("Great American"), located at 1403 Bronx River Avenue, Bronx, New York. The Indictment alleges that CONTRERAS, together with Great American employees working at his direction and under his control, engaged in a scheme to aid and assist numerous taxpayer clients of Great American to prepare and file false income tax returns. According to the Indictment,

as part of that scheme, CONTRERAS and Great American employees generally did not rely exclusively on the expense and deduction information provided by CONTRERAS's clients in preparing tax returns; instead, CONTRERAS, together with Great American employees working at his direction and under his control, falsely inflated and fabricated the clients' personal expenses and deductions, thereby creating thousands of dollars of wholly fictitious expenses and deductions, which served to lower the clients' ultimate tax liabilities. According to the Indictment, the inflated and fictitious personal expenses and deductions, which related to items such as medical expenses, charitable contributions, non-reimbursed employee expenses, mortgage interest payments, and state, local and personal property taxes, were included on schedules attached to the clients' individual tax returns.

According to the Indictment, between in or about April 2000 and in or about April 2002, CONTRERAS created and recorded on Great American's clients' income tax returns hundreds of thousands of dollars of falsely inflated and wholly fictitious expenses. CONTRERAS, together with Great American employees acting at his direction and under his control, allegedly completed these falsified individual income tax returns as tax preparers and provided them to Great American's clients for signing and filing. The Indictment alleges that, by doing so,

CONTRERAS enabled the Great American clients who filed the fraudulent returns to receive collectively hundreds of thousands of dollars in income tax refunds to which they were not lawfully entitled.

CONTRERAS, 51, resides in the Bronx, New York.

CONTRERAS faces a maximum sentence of ten years in prison on the charge that he conspired to defraud the United States, and a maximum of three years in prison on each of the twenty-four counts where he is charged with assisting in the filing of false tax returns. CONTRERAS faces a maximum fine of \$250,000 on each count. The case has been assigned to the United States District Judge JED S. RAKOFF.

Mr. KELLEY praised the efforts of the IRS in the investigation of this case.

Assistant United States Attorney MARCUS ASNER is in charge of the prosecution.

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